



COUNCIL MINUTES

September 30, 2010

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on September 30, 2010 at 7:53 a.m.

COUNCIL PRESENT

Mayor Scott Smith
Alex Finter
Dina Higgins
Kyle Jones
Dave Richins
Scott Somers

COUNCIL ABSENT

Dennis Kavanaugh

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Linda Crocker

Mayor Smith excused Councilmember Kavanaugh from the entire meeting.

1. Review items on the agenda for the October 4, 2010 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflict of interest: None

Items removed from the consent agenda: None

2. Hear a presentation and discuss the Financial System Replacement Project (CityEdge).

Controller Doug Yeskey displayed a PowerPoint presentation (**See Attachment 1**) and reported that staff was seeking approval to purchase a new consolidated business system known as "CityEdge." He explained that CityEdge would replace multiple financial and business systems currently used by the City. He briefly highlighted current and future Citywide systems that would be impacted by CityEdge, as well as the systems that would be replaced. (See Page 2 of Attachment 1)

Mr. Yeskey also noted that the current system was 30 years old and said that many departments are using other sub-systems that they have developed to track finances, budgeting and time keeping. He further commented that due to the inefficiency of the current system, some information was not available for up to six weeks. He added that with the implementation of the new system, some information would be available overnight while other data would be available on a bi-weekly basis.

Mr. Yeskey briefly outlined some of the new/improved features of CityEdge as follows:

- A common data base from which all systems will operate.
- One source of data for all management decisions.
- Near-real time data access with full information on a bi-weekly basis.
- Users will have access to City data on their desktop in the detail needed to operate their business.
- Users will be able to view electronic versions of invoices.
- Access to current technology and staffing resources with product expertise.

Information Technology Project Manager Valerie McBrien provided a short synopsis of the evaluation process, Request for Proposal (RFP) preparation and recommended solution. (See Pages 5 & 6, Attachment 1) She reported that with the assistance of Plante and Moran, the City's consultants, eight responses were received back on the RFP. Ms. McBrien explained that each of the top four vendors presented a 4-day live comprehensive demonstration. She added that more than 125 City staff participated in the evaluation process in order to ensure that the product was in the best interest of the individual departments and the City as a whole.

In response to a question from Councilwoman Higgins, Ms. McBrien explained that the cost of the other vendors was not part of the presentation or the evaluation process. She noted, however, that such information could be made available.

Budget Director Chuck Odom noted that although CityEdge was not the least expensive system, it did have the highest functionality.

Mayor Smith commented that the system not only fills the needs of the City, but also meets the price criteria.

Councilmember Finter remarked that the consultants of Plante and Moran worked independently for the City.

Mr. Odom noted that Plante and Moran's process of pricing and assistance with the rest of the process was invaluable.

Mr. Yeskey remarked that this system is one of the most user friendly systems.

Councilmember Somers stated the opinion that the system is the best value for the needs of the City.

Ms. McBrien continued with the presentation and reported that the highest scoring vendor in the evaluation process was CGI Technologies and Solutions Inc. (CGI). She stated that this solution was built for government use and presented information on other CGI customers. Ms. McBrien noted that New York City was the original government CGI customer and had been a customer for 30 years. She added that CGI is able to maintain, grow and modify their product to meet a customer's changing needs.

Ms. McBrien further remarked that there will be a 34-month implementation of this project, which will be the single largest project that the City has undertaken. She noted that this solution should serve the City for 15 years or more.

Ms. McBrien summarized a timeline for the different phases of the project as follows:

- Commencing of project - January 2011.
- Performance Budgeting and Performance Managing - November 2011,
- Financials including Procurement, Project and Grants as well as Timekeeping - July 2012.
- Human Resources and Payroll Module - January 1, 2013
- Learning Management/ Open Enrollment - November 2013

Ms. McBrien reported that there will be new tools available for managing Grant Lifecycles, self-service tools for vendors and employees, as well as Timekeeping and Transparency features. (See Page 8 Attachment 1)

Ms. McBrien indicated that project factors such as staffing and resources have been considered. She also remarked that one area of feedback received from other constituents, was in regard to ensuring that the right staff is available for the duration of the project.

In response to a question from Mayor Smith, Ms. McBrien noted that expenses resulting from any change or increase in staff for the project have been included in the request.

Ms. McBrien briefly summarized additional factors associated with the project as follows:

- Over five man years of data conversion have been identified.
- Over 150 interfaces have been identified.
- Two customizations have been identified.
- Training and managing the change.

Mr. Odom provided information regarding the funding/costs of the project over the span of three fiscal years. He reported that money had been set aside for the project in the General Fund and said that the expenses for the project are now eligible for use of the General Government Impact Fees. Mr. Odom noted that the expense to maintain the current system over the next three years was estimated at \$5.3 million and indicated that expense would be redirected to offset the cost of the new system. Mr. Odom added that over the next three years, an estimated \$8 million in Impact Fees and \$8 million in the General Fund would be available to fund the project. He said the remaining costs of the project would be collected from Enterprise, Local Street Sales Tax and Environmental Compliance Fund. (See Page 10 of Attachment 1)

In response to a series of questions from City Manager Christopher Brady and Mayor Smith, Ms. McBrien explained that the expenses for the storage of data for the CityEdge solution would be brought back before the Council at a later date.

Mr. Odom highlighted the training process and the usage of staff during the conversion to the new system.

In response to a series of questions from Mayor Smith and Councilmember Finter, Ms. McBrien explained that the necessary storage would be for data that would be used by the CityEdge Solution. She indicated that it would be necessary that a portion of storage be designated for the solution.

Mr. Brady remarked that the City was continuing to research backup storage elements.

Mr. Yeskey advised that the new system would be ready to go live on July 1, 2012 and requested the Council's approval.

3. Hear reports on meetings and/or conferences attended.

Councilmember Somers:	Opening of Southeast Mesa Fire Station 215 Donated an Automatic External Defibrillator (AED) through the Sun Cardiac Arrest Association to Amazing Jakes
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4. Scheduling of meetings and general information.

City Manager Chris Brady stated that the meeting schedule is as follows:

Thursday, September 30, 2010, 2:00 p.m. – “Doing Business with Mesa”

Thursday, September 30, 2010, 6:00 p.m. – “Mayor’s Conversation with the Community”

Saturday, October 2, 2010 – District 6 Pancake Breakfast

Saturday, October 2, 2010 – Hazardous Waste Collection Event at East Mesa Decatur location

Mayor Smith noted that on October 23, 2010 a Financial Planning Event will take place at the Convention Center.

5. Prescheduled Public Opinion Appearances

a. Hear from John Retzger regarding the Mesa Police Department.

John Retzger expressed his dissatisfaction with the Mesa Police Department and the inaccuracy of a police report and ongoing investigation.

6. Items from citizens present.

There were no items from citizens present.

7. Adjournment.

Without objection, the Study Session adjourned at 8:55 a.m.

SCOTT SMITH, MAYOR

ATTEST:

LINDA CROCKER, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 30th day of September 2010. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK

bdw
(attachment – 1)



CityEdge

**City Council
Study Session
September 30, 2010**



Council Request

- The City is seeking approval to purchase a new consolidated business system to provide a single platform from which the City will manage.
- The new system will replace multiple legacy Financial and Business systems including:
 - General Ledger, Accounts Payable, Receivables
 - Cost Accounting, Budget, Fixed Assets
 - Project & Grant Accounting
 - Human Resources, Payroll
 - Purchasing, Performance Management





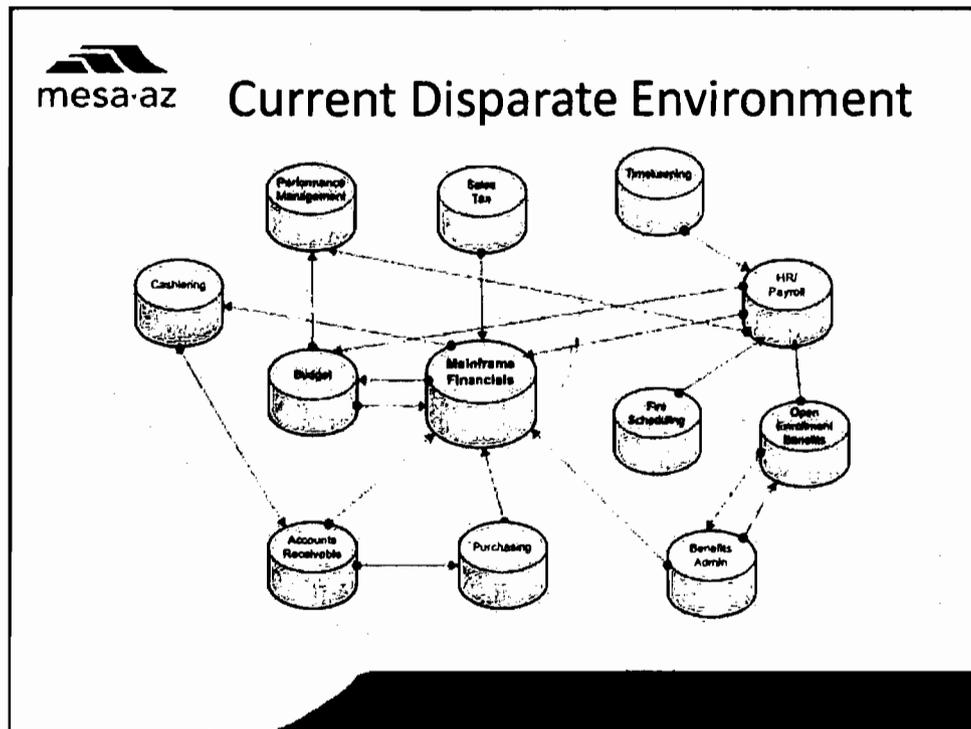
Current and Future Citywide Impact

Accounting and Finance <ul style="list-style-type: none"> • <i>Process 84,000 invoices annually</i> 	Accounts Payable, Accounts Receivable, Cash Receipting, Debt & Investment Management, General Ledger, Fixed Assets
Budgeting <ul style="list-style-type: none"> • <i>Post over 400,000 expense transactions monthly</i> 	Activity based budget management and Performance Management analysis and reporting
Cost and Project Accounting <ul style="list-style-type: none"> • <i>Track more than 2,000 projects and over 15,000 unique work orders</i> 	Cost allocation processes & Project Cost Accounting
Grant Management <ul style="list-style-type: none"> • <i>Manage more than 150 grants across the City</i> 	Pre-award to receipt and compliance tracking with multi-year budgeting and reporting

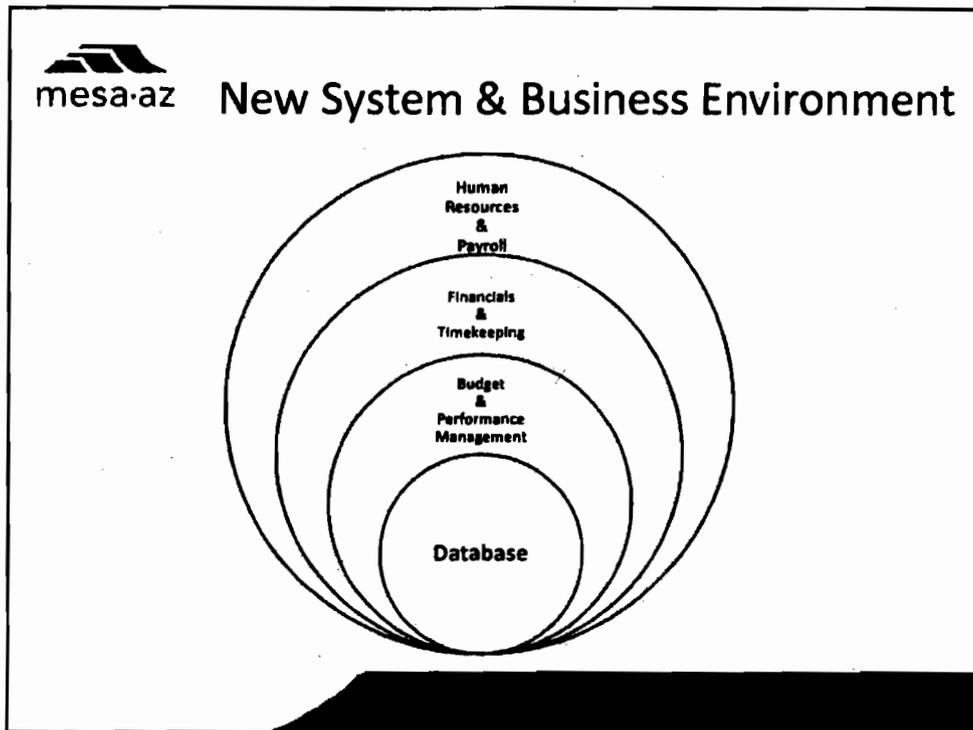


Current and Future Citywide Impact

Procurement <ul style="list-style-type: none"> • <i>Manage over 47,000 vendor records</i> 	Solicitation, evaluation, award and contract management, Procurement and inventory management and Vendor self service
Human Resources Management <ul style="list-style-type: none"> • <i>Administer 600 personnel action changes monthly</i> 	Employee records, position control, employee relations and performance evaluation, Recruiting, Training, benefits administration and employee self service
Payroll and Timekeeping <ul style="list-style-type: none"> • <i>Issue over 100,000 payroll checks annually</i> 	Time entry, Leave accrual and absence management, and payroll.



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- The diagram, titled "Current Environment Concerns", features the Mesa logo and the text "mesa·az" in the top left. It contains a bulleted list of concerns:
- 30 year old (plus) Mainframe system
 - Driven by manual processes
 - Requires significant duplication of effort resulting in creation of "side" systems in each department to provide management information
 - "Mesa grown" technology system using unique, "Mesa grown" business processes



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- mesa·az** **New and Improved Environment**
- One source of data for all management decisions
 - Near-real time data access
 - Enables users access to City data at the detail they need to operate their business
 - Ability to seek technology and staffing resources from the open market with product expertise



CityEdge Vendor Selection

- Request for Proposal (RFP) preparation
 - Plante and Moran, vendor independent, accounting, business process and government technology consulting firm to guide effort
 - Citywide review and requirements gathering
 - Defined more than 5,000 requirements
 - 9 month effort
- Team recommended integrated software solution to replace the City's financial, budget, procurement, human resources and payroll systems



RFP Evaluation Process

- 8 Respondents
- 4 Vendors moved forward to comprehensive demonstrations and evaluation
- CGI Technologies and Solutions Inc (CGI) received the highest score
 - resulting in contract negotiations and today's recommendation



Why CGI?

- Fully integrated system for financials, human resources, payroll, budget and more!
- Solution built for government
 - Allows for best practices and minimizes customizations
- Scalable and Configurable – room for the City to grow
- Vendor has demonstrated a creative, flexible and partnering approach



CGI's Customers

CGI Customer	Products in Use	Years w/CGI
City of Tucson	Financials, HRM and Budgeting	24 years
State of Arizona ADOT ADES	Financials Financials	18 years 21 years
Maricopa County	Financials	19 years
Pima County	Financials, HRM and Budgeting	Contract awarded February 2010
New York City	Financials (just upgraded to version City will deploy)	30+ years Original CGI customer
City & County of Honolulu	Financials, HRM and Budgeting	4 years
City of Anaheim	Financials, HRM and Budgeting	19 years
LA County	Financials, HRM and Budgeting	24 years
City of Cleveland	Financials and Budgeting	2 years

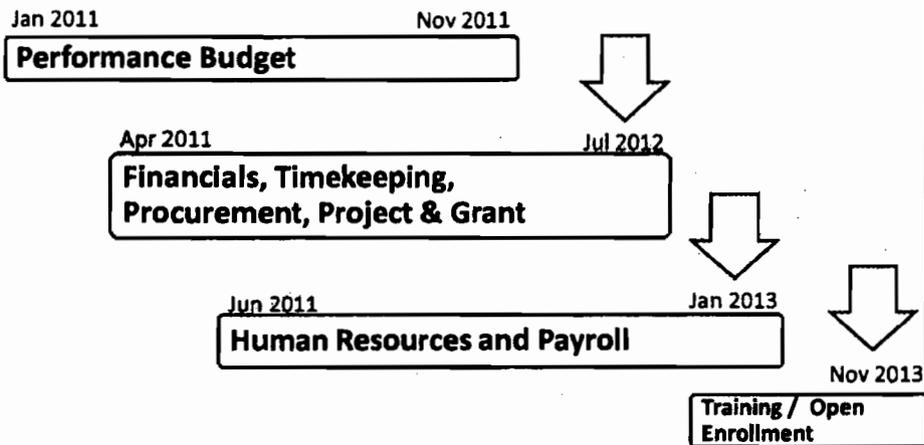


Project Scope

- Four Significant Concurrent Phases
- Implementation spans 34 months
- An investment that will serve the City 15 years or more
- Hundreds of City and vendor staff engaged
- Tremendous organizational change



Phased Timelines





Delivering New Functionality

- Grant Lifecycle Management
- Self Service Tools
 - Vendors
 - Employees
- Timekeeping
 - TeleTime
 - Time Terminals
- Transparency
 - Future potential



Project Success Factors

- Staffing
 - Right Staff available at the right time – for the duration of the project
 - Citywide participation – Subject Matter Experts participate in configuration and testing of new system and are needed to support training effort
 - Backfill – key functional staff will be engaged on the project, backfill of operational role is required



Project Success Factors

- **Data Conversion & Interfaces**
 - More than 8,900 hours of effort for conversion
 - 150+ Interfaces identified
- **Limiting Customizations**
 - Built for Government solution minimizes “unique” requirements
 - City challenged to refine its business processes and move towards best practices
 - Reduce long term cost of ownership



Managing the Change

- **Department and employee readiness**
- **Change management / Changing processes**
 - Limiting customizations
 - Implement best practice business processes
- **Coaching and Training!**



Funding / Fiscal Impact

- Contract payments span three Fiscal Years
- Major Sources of Funding:
 - Four years of General Fund savings in preparation for project
 - Eligible for use of General Government Impact Fees
 - Redirection of planned operational maintenance costs to project
 - Contribution from other major operational funds; Enterprise, Local Street Sales Tax and Environmental Compliance Fund



Funding

- Reserved funds available today:
 - Impact Fees \$8M
 - General Fund Savings \$8M
 - Remaining amount to be allocated to major operational funds over next three fiscal years



Project Costs

CGI Solution	\$ 14,847,804
Hardware, Software & Storage Based on Award	\$429,043
Additional Costs	\$280,000
Project One-Time Costs: External Providers & Services	\$ 3,052,240
Other One-time Costs Based on Award	\$139,632
Additional Costs	\$2,743,747
Contingency: Based on Award	\$ 2,312,472
Additional Costs	\$ 865,313
Ongoing Maintenance	\$ 688,104



We're Ready!

- Successful Selection Process
- Communications
- Strong Executive Level Support

CityEdge, live 07-01-12!

